


**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer 

**DATE:** April 30, 2009

**SUBJECT:** Fiscal Impact Statement – “Withholding of Tax on Lottery Winnings  
Emergency Act of 2009”

**REFERENCE:** Draft – No Bill Number

---

**Conclusion**

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation.

**Background**

The proposed legislation would amend, on an emergency basis, Chapter 18 of Title 47 of the D.C. Official Code to require the D.C. Lottery and Charitable Games Control Board to deduct and withhold income tax from lottery winnings<sup>1</sup> of D.C. residents in the year in which the payment is made. The amount of tax withheld would be computed using the highest income tax rate in effect at the time of the payment.<sup>2</sup> Under current law, the lottery winnings of residents are subject to District income taxes; the proposed legislation would not change the amount of taxes owed by D.C. lottery winners, only the timing of when those taxes would be paid.

---

<sup>1</sup> Lottery winnings are defined as winnings, whether as a lump sum or annuitized, that are subject to withholding as defined in section 3402(q) of the IRS Code of 1986.

<sup>2</sup> Taxes owed would be computed in such manner equal to the highest rate of tax under D.C. Official Code §§ 47-1806.03 (individual), 47-1807.02 (relating to franchise tax), or 47-1808.03 (relating to unincorporated business franchise tax), as applicable, in accordance with procedures to be established by the Chief Financial Officer.

### **Financial Plan Impact**

Funds are sufficient in the FY 2009 budget and the proposed FY 2010 through FY 2013 budget and financial plan to implement the proposed legislation. The proposed legislation would have no impact on the amount of net tax revenue the District collects from lottery winnings of D.C. residents, as lottery winnings of residents are currently subject to D.C. income taxes. The proposed legislation would only impact the timing of the collection of these taxes.